

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

*San Diego, California*

*United States Attorney  
Carol C. Lam*

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***For Further Information, Contact: Assistant U.S. Attorney Melanie K. Pierson (619) 557-5685***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - July 29, 2004

United States Attorney Carol C. Lam announced today that a Bonita pharmacist and a Mexican pharmaceutical representative were arrested on charges of conspiring to divert pharmaceuticals, sell counterfeit drugs, commit mail fraud, and launder money. John Aldaz of Bonita and Gustavo Garcia of Tijuana are alleged to have planned to manufacture counterfeit versions of the prescription drugs Viagra, Cialis and Levitra, smuggle them from Mexico into the United States, and sell them via an internet pharmacy. It is further alleged that Aldaz and Garcia offered to help the internet pharmacy divert unapproved pharmaceuticals being shipped from India to Tijuana into the United States.

According to Assistant U.S. Attorney Melanie K. Pierson, who is prosecuting the case, the complaint also alleges that Aldaz and Garcia supplied the operator of the internet pharmacy with two shipments of 5,000 pills purported to be Viagra, and later provided the operator with a handful of round, unmarked white pills as a sample of the purported Viagra they could produce together in Mexico and sell through the internet

pharmacy. Finally, the complaint alleges that the defendants used the illegal proceeds from the internet pharmacy to purchase the machinery needed to manufacture the pills.

Aldaz and Garcia were arraigned before Magistrate Judge Louisa S. Porter, who set the date for the preliminary hearing in the matter for August 12, 2004, at 2:00 p.m. Bond for Aldaz was set at \$500,000. No bond has yet been set for Garcia.

These arrests mark the dismantlement of San Diego-based internet pharmacy operations that were selling counterfeit, unapproved drugs to customers without prescriptions. On April 30, 2004, defendant Mark Kolowich pled guilty in San Diego federal court to Conspiracy to import pharmaceuticals contrary to law, sell counterfeit drugs, and commit mail fraud, in violation of Title 18, United States Code, Section 371; as well as Conspiracy to launder money in violation of Title 18, United States Code, Section 1956(h).

At the time of his plea, Kolowich acknowledged that he and defendant Odette Pidermann operated, from San Diego, the internet pharmacy WorldExpressRX. The website, which allowed consumers to purchase drugs without a prescription, sold between \$2.5 - \$7 million in pharmaceuticals from November 1999 through March 2004. The tablets and capsules sold were represented to be Viagra, Propecia, Cialis, Celebrex, Xenical and Zolof, but were not manufactured by the U.S. drug manufacturers who own those trade names. Customers of the website were issued a prescription after filling out a health questionnaire and paying a \$35 doctor's "consultation fee." Kolowich acknowledged, however, that there was no doctor associated with WorldExpressRx to review the questionnaires.

Kolowich also admitted that he hired Miguel and Maria Sahagun, who are also charged in San Diego federal court, to fill the orders for WorldExpressRX after Kolowich and others smuggled the pharmaceuticals across the border. Additionally, Kolowich admitted that he used the illegal proceeds from the internet pharmacy to order more products from a pharmaceutical company in India. At the time of his plea, Kolowich agreed to forfeit the funds in seven bank accounts, as well as the proceeds from the sale of property located in Mexico. Kolowich, who also been indicted in the Southern District of Florida on similar charges, is scheduled to be sentenced in San Diego on September 17, 2004, at 9:00 a.m.

### **Other Related Cases**

On April 22, 2004, Odette Pidermann was charged with Conspiracy to import pharmaceuticals contrary to law, to sell counterfeit drugs, and to commit mail fraud, in violation of Title 18, United States Code, Section 371; as well as forfeiture in violation of Title 18, United States Code, 981(a)(1)(C). She is scheduled for acceptance of her guilty plea and sentencing before Judge Miller on September 10, 2004 at 9:00 a.m.

On April 15, 2004, Maria and Miguel Sahagun were charged with Conspiracy to import pharmaceuticals contrary to law, to sell counterfeit drugs, and to commit mail fraud, in violation of Title 18, United States Code, Section 371; as well as forfeiture, in violation of Title 18, United States Code, Section 981(A)(1)(C). The Sahaguns will appear before Judge Miller to have their guilty pleas accepted and face sentencing on September 10, 2004 at 9:00 a.m.

On May 13, 2004, Earl "Ty" Laffoon was charged with Conspiracy to smuggle pharmaceuticals and to introduce misbranded drugs into interstate commerce, in violation of Title 18, United States Code, Section 371. In court, Laffoon admitted to smuggling the pharmaceuticals across the border. Laffoon is scheduled to accept his guilty plea and receive a sentence from Judge Miller on August 6, 2004 at 9:00 a.m.

In related case, Christopher Reed was charged on May 21, 2004 with conspiracy to launder money, in violation of Title 18, United States Code, Section 1956(h); and forfeiture, in violation of Title 18, United States Code, Section 982(a)(1). In court, Reed admitted that he processed the credit card payments to WorldExpressRx for Kolowich, knowing that no physician had issued a prescription. He is scheduled to appear before Judge Miller for acceptance of his plea and sentencing on September 10, 2004 at 9:00 a.m.

In another related case, Marguerite Kuoha was charged with Evidence Tampering on May 28, 2004. In court, Kuoha, a customer service representative for WorldExpressRx, admitted that she deleted files from a laptop computer containing WorldExpressRx customer information. She is scheduled to appear before Judge Miller for acceptance of her guilty plea and sentencing on August 13, 2004 at 9:00 a.m.

United States Attorney Lam stated, “This extraordinary investigation demonstrates the full extent of the danger to public health presented by unregulated internet pharmacies.”

This investigation was a joint effort by the Federal Bureau of Investigation, the Immigration and Customs Enforcement, the Food and Drug Administration, the U.S. Postal Inspection Service, the Chula Vista Police Department, and the Internal Revenue Service, Criminal Investigation Division. To date, the investigation has resulted in the forfeiture of over \$1 million in money and property. According to the Postal Inspection Service, WorldExpres RX sent out approximately 100,000 shipments via the U.S. Mail, having a significant impact on local mail centers.

“This is a health and safety issue. Our office is committed to ensuring the integrity of the public’s health and safety, especially in the San Diego community,” said Michael Unzueta, Acting Special Agent in Charge for ICE Investigations in San Diego.

FBI Special Agent in Charge Daniel R. Dzwilewski stated, “The arrests of Mr. Aldez and Mr. Garcia make the culmination of the WorldExpressRX.com investigation. Through aggressive investigation and prosecution, the FBI and its law enforcement partners have successfully dismantled one of the largest Internet Pharmacy scams in the United States, and as a result, have helped to ensure the safety and legitimacy of pharmaceuticals sold to the American public.”

Denise L. Rubin, IRS Criminal Investigations Division Special Agent in Charge of San Diego stated, “IRS Criminal Investigation was part of a very formidable team of law enforcement agencies whose mission was to dismantle this illegal internet pharmacy and money laundering operation. IRS CID plays a unique role in federal law enforcement by targeting the profits and financial gains of illegal enterprises.”

## **DEFENDANTS**

John Eloy Aldaz  
Bonita, California

DOB: 3-23-40

Jose Gustavo Garcia Uriza  
Tijuana, B.C.

DOB: 10-30-48

## **SUMMARY OF CHARGES**

Count 1: Conspiracy, in violation of Title 18, United States Code, Section 371  
Maximum Penalty: 5 years in custody and/or \$250,000 fine

Count 2: Conspiracy to Launder Money, in violation of Title 18, United States Code, Section 1956(h)  
Maximum Penalty: 10 years in custody and/or \$500,000 fine

### **AGENCIES**

Federal Bureau of Investigation  
Immigration and Customs Enforcement  
Food and Drug Administration  
Chula Vista Police Department  
Internal Revenue Service, Criminal Investigation Division  
U.S. Postal Inspection Service

**A complaint itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**

### **RELATED CASES**

United States v. Mark Anthony Kolowich, Criminal Case 04-CR-1114-JM  
United States v. Maria Sahagun and Miguel Sahagun, Criminal Case No. 04-CR-1023-JM  
United States v. Odette Pidermann, Criminal Case No. 04-1113-JM  
United States v. Earl “Ty” Laffoon, Criminal Case No. 04-CR-1117-JM  
United States v. Christopher Reed, Criminal Case No. 1139-JM  
United States v. Marguerite Kuoha, Criminal Case No. 04-CR-1152-JM